

MARYLAND ALTERNATIVE FUEL VEHICLE INCENTIVES AND LAWS



Maryland is the proud home of the Metropolitan Baltimore Clean Cities Program.

Overview

Maryland has made a commitment to alternative fuel vehicles (AFVs) in the state, and has several tax incentives to encourage the use of AFVs. State income tax credits are available for the costs of purchasing or converting vehicles to alternative fuels. Refueling and recharging equipment for AFVs are exempt from property tax. Electric vehicles (EVs) are exempt from the motor fuels tax, and the conversion costs for clean fuel vehicles are exempt from sales tax. Several utilities in Maryland are active in promoting AFVs, and Potomac Electric Power Company has a special rate for off-peak charging of EVs.

Highlights

\$ \$800 to \$2,000 state tax credit for AFVs.

State Incentives

\$ Senate Bill 648 allows for corporations and individuals to claim a credit against the state income tax by purchasing AFVs. This credit is based on the equivalent Federal credits and deductions defined in the Energy Policy Act of 1992 (EPACT). AFVs with a gross vehicle weight of less than 26,000 lbs are eligible for the credit. The credit is determined by taking a percentage of the Federal credit or deduction for each applicable weight class. The available credits are shown below:

<u>Vehicle Weight</u>	<u>Federal Tax</u>	<u>Percentage</u>	<u>MD Tax Credit</u>
0 to 5,000 lbs	\$2,000 deduction	40%	\$800
5,000 to 10,000 lbs	\$2,000 deduction	80%	\$1,600
10,000 to 26,000 lbs	\$5,000 deduction	40%	\$2,000
Electric vehicles	\$4,000 credit	40%	\$1,600

Under this law, a credit cannot be claimed by alternative fuel providers. In addition, a credit cannot be claimed unless the individual or corporation has already met or exceeded any Federal or state purchasing requirements, such as those under the Clean Air Act Amendments (CAAA) or EPACT. The credit is applicable for one tax year, and may not be carried to other years. The credit is active for AFV property placed in service between July 1, 1995 and July 1, 1998. For more information, contact the Maryland Energy Administration at (800) 72-ENERGY or (410) 974-3751 and speak with Dale Baxter, Assistant Director.

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Utility/Private Incentives

Baltimore Gas and Electric Company (BGE) has 8 compressed natural gas (CNG) refueling sites in Maryland available to the public. Through a partnership with the State of Maryland, BGE funded, constructed, and will maintain CNG refueling stations at the Baltimore State Office Complex and at Baltimore Washington International (BWI) Airport. For more information, contact Larry Mattivi, Alternative Fuel Vehicle Specialist, Marketing and Sales Division, at (410) 265-4740.

The National Ethanol Vehicle Coalition (NEVC) is an ad hoc group created by the National Corn Growers Association (NCGA) and the Governors' Ethanol Coalition (GEC) to establish a national program to promote the use of 85% ethanol fuel (E85) as an alternative fuel, enhance agricultural profitability, advance environmental stewardship, and further national energy independence. Through a cooperative effort with the NCGA and its state affiliates, the GEC, state energy offices, and the U.S. Department of Energy, NEVC provides forgivable loans for the installation of public E85 fueling facilities. For more information, contact Phil Lampert at (573) 635-8445 or Sandy Hentges at (573) 656-8590.

Potomac Electric Power Company (PEPCO) has experimental EV time of use rates of 2.512¢/kilowatt hour (kWh). PEPCO will install a dedicated meter at the company's expense to measure electricity used to charge EVs. For additional information, contact Rob Stewart at (202) 872-3190.

Sun Company will work with customers to establish fuel pricing. The Sun Company has CNG, LPG, and E85 refueling stations that are available to the public through card access. For more information contact Michael Miller at (610) 859-1849.

Washington Gas provides a number of incentives to encourage the use of NGVs, including joint efforts with Federal, state, and local governments as well as commercial fleets, to build CNG fueling stations. In addition, the utility offers a customer service program which provides technical expertise and driver and technician training. For additional information, contact Ajit Ratra, P.E., Director of NGV Business Development, at (703) 750-4404.

Laws & Regulations

Chapter 603 of Maryland law, enacted on May 27, 1993, exempts from the sales and use tax the sale of machinery and equipment that is intended for installation in an existing gasoline or diesel fuel-powered motor vehicle to convert the motor vehicle that is propelled by a clean-burning fuel or intended for use at a refueling station as specified. This law expires on June 30, 1999.

On May 11, 1993, Chapter 269 of Maryland law was enacted to exempt from property tax machinery or equipment used to dispense into motor vehicles clean fuels that meet the standards of the Federal Clean Air Act. It also provides for the phasing-in of the applicability of the property tax to the refueling equipment or machinery beginning in taxable year 1998. The Act applies to all taxable years beginning after June 30, 1994.

Chapter 270 of Maryland law, which was enacted on May 11, 1993, alters the rate of the motor fuel tax for alternative fuels, as defined under EPACT, from 24.25¢/gallon to 23.5¢/gasoline gallon equivalent (gge). The legislation defines "alternative fuel" for the purposes of the fuel tax law to mean an alternative fuel as defined in EPACT.

In 1992, legislation was enacted that defines "gas company" and does not include companies that sell, supply, or distribute CNG for use in motor vehicles. The law also removes sale of CNG for use as a motor vehicle fuel from the regulation of the state Public Service Commission.

A 1993 Executive Order requires that 20% to 25% of new state fleet purchases be powered by alternative fuels.

The Maryland Department of Environmental Protection will adopt the California Low Emission Vehicle (LEV) program by the 2000 model year.

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Points of Contact

Metropolitan Baltimore Clean Cities Program

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National Ethanol Vehicle Coalition

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Metropolitan Planning Organizations

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Maryland State Transportation Contact

Department of Transportation
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U.S. Department of Energy

Regional Support Office

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U.S. Department of Transportation Contacts

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Federal Transit Administration

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General Services Administration

Regional Fleet Managers

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Region 11

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